GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:279
ANSWERED ON:31.08.2007
NORMS FOR BPOs
Gaikwad Shri Eknath Mahadeo

Will the Minister of FINANCE be pleased to state:

(a) whether RBI has released norms for Business Process Outsourcing (BPO) firms drawing foreign exchange to buy equipment for new overseas call centres;

(b) if so, the details thereof; and

(c) the estimated foreign exchange outgo for this move?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (c): A statement Is placed on the Table of the House.

Statement referred to in reply to parts (a) to (c) of the Lok Sabha starred question no. 279 regarding `Norms for BPOs` raised by Shri Eknath M. Gaikwad to be answered on 31st August, 2007.

(a) Yes, Sir. The Reserve Bank of India has issued directions to Authorised Dealers (ADs) vide circular dated May 25, 2007 liberalising the norms for Business Process Outsourcing (BPO) firms drawing foreign exchange to buy equipment for new international call centers (ICC) set up abroad.

(b) ADs have been allowed to permit BPO Companies in India to make remittances towards cost of equipment to be installed at their overseas sites subject to the following conditions:

i) The BPO Company should have obtained necessary approval from the Ministry of Communications and Information Technology, Government of India and other authorities concerned with the setting up of ICC abroad.

ii) ADs should allow the remittance based on their commercial judgement, the bonafide of the transactions and strictly in terms of the contract.

iii) The remittance is directly made to the account of the overseas supplier.

iv) ADs should also obtain a certificate as evidence of import from the Chief Executive Officer or auditor of the importer company that the goods for which remittance is made have actually been imported and installed at overseas sites.

(c) The revised policy of RBI simplifies the procedures of undertaking such transactions. It does not increase the outgo of foreign exchange. Further, as no physical imports are involved, the RBI does not have exclusive data on foreign exchange outgo on account of the imports made by BPOs.